

Fundamental Analysis - Are you a Bull or a Bear?



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Fundamental Analysis

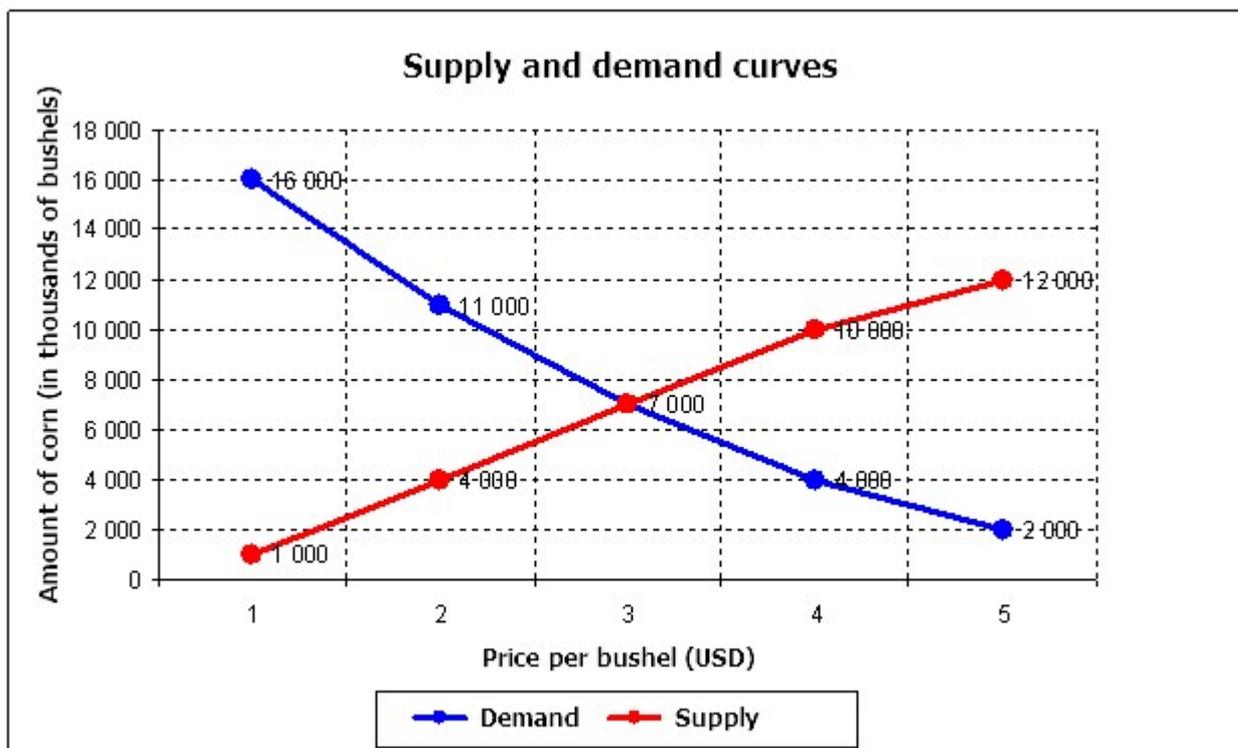
Fundamental analysis tends to scare novice traders away. It appears to be too difficult to grasp. They often discount it.

This is wrong! Don't discount it

There are a few resources you need to follow on a daily basis to keep in touch with market events.

Establishing the longer term trend is the first and most important piece of the puzzle. Fundamental analysis needs to be a part of any successful trading strategy. You will need it to get your mid to long term outlook on the currency you trade.

You need to know if you are bullish or bearish in the market you trade and you need to know why. The reason? Many traders think that price is a function of technical patterns but in fact regardless of what the chart shows, price is a function of supply and demand.



Fundamental Analysis

It's a result of the volume of orders being placed on either side of the market.

The volume of orders is influenced by many fundamental factors and financial incentives like a shift in monetary and fiscal policy, changes in the inflation rate, manufacturing and employment growth.

1. It will give you a quick idea of what is going on.
2. It will help you with your longer term view point on the markets you follow.
3. It will help you to form your bias about the currencies you trade.
4. It will keep you away from those days when the volatility might stop you out.

Having a core knowledge of macroeconomics concepts is essential in forex trading. Long term price changes in money markets are a direct function of monetary policy and money flow across the markets. It should be part of your trading plan.

Fundamental analysis is not hard. It's fun and interesting!

Many traders don't pay attention to this part and are likely to fail in the long term.

Invest some time in grasping the essences of all macroeconomics concepts, right from interest rates and inflation to GDP, earning or manufacturing, to equip yourself with the foresight that's vital for successful forex trading with a long term perspective.

Ensure that, not only you understand these concepts, but also you know how that data is reported to the markets on weekly basis and does it impact every currency.

Fundamental Analysis

Invest some time in grasping some macroeconomics concepts like: GDP, Inflation, Earnings, Manufacturing, Employment. Always know how and when they are reported to the market and what impact they have to the currency you trade. Always know what is the market expecting from the incoming data, this will drive prices in short and long term.

I keep a simple journal with all my economics indicators and track them on weekly basis. See it [HERE](#)

Important indicators and events you need to be looking at per currency:

USD Indicators: GDP, CPI, NFP, Average Earnings, PMI, Retail Sales Events: FOMC, FED Officials speeches,

GBP Indicators: GDP, CPI, Average Earnings, Employment, Services PMI Events:

EUR Indicators: GDP, CPI, ZEW Economic Sentiment Events: ECB monetary policy meetings, Draghi's speeches

NZD Indicators:GDP, CPI, GDT Events: RBNZ Monetary Policy Meetings

AUD Indicators:GDP, CPI, Employment Events: RBA Monetary Policy Meeting.

There is a lot of information out there but it all gets very complicated. I advise you buy and read [THIS BOOK](#) (any edition will do, my is from 2009 and its great!)

Visit the resources below on a regular basis:

Fundamental Analysis

[FOREX FACTORY CALENDAR](#) – Weekly market Risk Events updated daily.
[FED WATCH](#) – Measures probability of the FED raising interest rates. Higher % suggest higher probability of the FED rising interest rates at the next FOMC meeting.

[JARRATT DAVIS Weekly video](#) – 10 min video published every Sunday/Monday wrapping important risk events for the week ahead.
[COMMITMENTS OF TRADERS](#) – Smart money positions in futures markets. Tracks what speculators are doing in the futures markets. Impacts cash market directly.

Below is the market analysis I read every day. These are quick, snappy and rich in information articles. Sign up to these newsletters. Print and read every day.

[Marc to market](#)

[BK Asset Management](#)

[Ashraf Laidi](#)

It's important that you take a few minutes every day to check what's in the calendar and what it means for the positions you currently hold or those you are thinking to take.

It does matter!